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JACK ANDERSON

CIA-Linked Firm Spied on Japan

The CIA authorized payment of \$55,000 in bribes to obtain a blueprint of the secret technology used in Japan's high-speed surface transport—the HSST—the world's fastest monorail system. The Japanese have been testing it for the past five years.

This was just one project in the CIA's clandestine acquisition of technical and trade secrets throughout the Pacific, according to sworn testimony now in the FBI's possession. The affidavit, with substantiating documentary evidence, was submitted by Ronald Ray Rewald as part of his defense against federal charges of fraud in the multimillion-dollar collapse of an investment company he headed in Hawaii.

Rewald claims that the company—Bishop, Baldwin, Rewald, Dillingham & Wong—was a CIA front, that he and others involved were CIA agents and that the firm's failure was caused by agency demands on its resources.

The CIA, in secret affidavits, at first denied involvement in BBRD&W, then admitted that some agents had invested money in the company. Congressional sources said disciplinary action has been taken against some of the agents.

"We were still paying . . . when the company went out of business," Rewald told my associates Indy Badhwar and Dale Van Atta. "We paid . . . \$30,000 [for the HSST blueprint] as a first installment, and then \$25,000 more over a period of months . . ."

According to several documents Rewald filed with his affidavit, the company got the HSST

drawing from the office of the general secretary of Japan Airlines' development committee.

Rewald also was ordered to gather intelligence on Japan's projected trade surplus, its industrial export restraints and its guidelines for auto exports. Also, according to the documents, he was ordered to determine "the influence and negotiating styles of key bureaucrats . . ."

Rewald submitted several CIA assignments on, " . . . what the agency wished to know concerning a given country." Here are examples:

- People's Republic of China: "Reports indicate that a National Petroleum Corp. has been established . . . Are Peking leaders also contemplating a reorganization that would embrace . . . features of the managerial system used by . . . other advanced nations? Information on the economic views of [former communist] party chairman Hua Guofeng, the vice premier's ministers, vice ministers and provincial party secretaries is needed."

- Thailand: "What progress has been made in the construction of the natural gas project and Thai plans for using natural gas? Report on . . . plans to develop . . . other projects . . ."

- Hong Kong: The CIA's interest here, Rewald stated, was to encourage foreign investors to move their money to the United States before the British colony comes under Chinese communist control.

"It [the CIA] determined to use Bishop-Baldwin as vehicle to attract such capital," he stated, "the entry point, specifically, to be Hawaii." BBRD&W published a "capital flight-plan study" that was well received by, among others, Sen. Daniel K. Inouye (D-Hawaii) and Lt. Gov. John Waihee.